

JAN 28 2015

A BILL FOR AN ACT

RELATING TO THE MEDICAID MANAGED CARE PROGRAM.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. In 1994, the State of Hawaii medicaid
2 program began using a managed care delivery system called
3 QUEST. QUEST stands for Quality care, Universal access,
4 Efficient utilization, Stabilizing costs, and Transforming
5 the way health care is provided. QUEST provides medically
6 necessary primary and acute care to families, parent or
7 caretaker relatives, and children. In 2009, the State of
8 Hawaii medicaid program implemented a second program
9 provided through a managed care delivery system called
10 QUEST Expanded Access (QExA). QExA provides primary and
11 acute care services, as well as long term care services, to
12 individuals who are over sixty-five years of age, or
13 determined to be disabled or legally blind.

14 Effective January 1, 2015, the QUEST and QExA managed
15 care programs will be combined and replaced by the QUEST
16 Integration program, also provided through a managed care
17 delivery system. The purpose of this measure is to amend
18 statutes that refer to QUEST and QExA and change the

1 terminology to read "medicaid managed care" or "medicaid
2 managed care program".

3 SECTION 2. Section 346-41.5, Hawaii Revised Statutes,
4 is amended to read as follows:

5 "Section 346-41.5 Hawaii qualified health centers. If
6 the [~~QUEST~~] medicaid managed care program is implemented,
7 the department shall provide a supplemental capitation
8 program for the uninsured with enabling services based on
9 an annual cost-based determination to all Hawaii qualified
10 health centers [~~(HCHCs)~~] and to any nonprofit entity having
11 a majority of Hawaii qualified health centers as board
12 members.

13 For the purposes of this section, "enabling services"
14 includes enabling services as defined by federally
15 qualified health center standards. The department shall
16 have the administrative flexibility to expend funds through
17 [~~QUEST~~] medicaid managed care contracts, through a modified
18 voucher system, or through chapter [~~42D-~~] 42F. Hawaii
19 qualified health centers receiving these supplemental
20 payments shall reconcile their costs on an annual basis."

21 SECTION 3. Section 346-53.64, Hawaii Revised
22 Statutes, is amended by amending subsection (a) to read as
23 follows:

1 "(a) Services eligible for prospective payment system
2 reimbursement are those services that are furnished by a
3 federally qualified health center or rural health clinic
4 that are:

- 5 (1) Within the legal authority of a federally
6 qualified health center to deliver, as defined in
7 section 1905 of the Social Security Act;
8 (2) Actually provided by the federally qualified
9 health center, either directly or under
10 arrangements;
11 (3) Covered benefits under the medicaid program, as
12 defined in section 4231 of the State Medicaid
13 Manual and the Hawaii medicaid state plan;
14 (4) Provided to a recipient eligible for medicaid
15 benefits;
16 (5) Delivered exclusively by health care
17 professionals, including physicians, physician's
18 assistants, nurse practitioners, nurse midwives,
19 clinical social workers, clinical psychologists,
20 and other persons acting within the lawful scope
21 of their license or certificate to provide
22 services;

- 1 (6) Provided at the federally qualified health
2 center's practice site, a hospital emergency
3 room, in an inpatient setting, at the patient's
4 place of residence, including long term care
5 facilities, or at another medical facility; and
6 (7) Within the scope of services provided by the
7 State under its fee-for-service medicaid program
8 and its [~~health-QUEST~~] medicaid managed care
9 program, on and after August 1994, and as amended
10 from time to time."

11 SECTION 4. Section 346-59.4, Hawaii Revised Statutes,
12 is amended to read as follows:

13 **"Section 346-59.4 Medical assistance to other**
14 **children.** The department shall provide state-funded
15 medical assistance, of up to two hundred per cent of the
16 federal poverty level for Hawaii, to persons less than
17 nineteen years of age who are:

- 18 (1) Legal permanent residents who arrived after
19 August 22, 1996;
20 (2) Persons who are permanently residing under color
21 of law; and
22 (3) Nonimmigrants from the Trust Territories of the
23 Pacific Islands who are citizens of:

1 (A) The Marshall Islands;
2 (B) The Federated States of Micronesia; or
3 (C) Palau,
4 as defined by the Compact of Free Association Act
5 of 1985, P.L. 99-239, or the Compact of Free
6 Association between the United States and the
7 Government of Palau, P.L. 99-658,
8 who are otherwise eligible for benefits under the State's
9 medicaid [~~programs, including QUEST~~] program and the
10 State's children health insurance program, but are
11 ineligible due to restricted eligibility rules imposed by
12 title XXI of the Social Security Act, the Personal
13 Responsibility and Work Reconciliation Act of 1996, the
14 Compact of Free Association Act of 1985, P.L. 99-239, the
15 Compact of Free Association between the United States and
16 the Government of Palau, P.L. 99-658, or any other
17 provision of federal law denying medical assistance to
18 nonimmigrants who are citizens of the Marshall Islands, the
19 Federated States of Micronesia, or Palau."

20 SECTION 5. Section 346-59.9, Hawaii Revised Statutes,
21 is amended by amending subsection (a) to read as follows:

22 "(a) This section shall apply only to the [~~QUEST,~~
23 ~~QUEST-Expanded Access,~~] medicaid managed care, and fee-for-

1 service programs administered by the department when the
2 department or the department's contracted health plan is
3 the primary insurer. When the department is the secondary
4 insurer, the department and its contracted health plans
5 shall be responsible only for the secondary insurer's share
6 of any psychotropic medication covered by the primary
7 insurer."

8 SECTION 6. Section 346-59.9, Hawaii Revised Statutes,
9 is amended by amending subsection (g) to read:

10 "(g) The department and its [~~QUEST~~] medicaid managed
11 care contracted health plans shall have the authority to
12 investigate fraud, abuse, or misconduct."

13 SECTION 7. Section 346-352, Hawaii Revised Statutes,
14 is amended to read as follows:

15 "**§346-352 Preauthorization exemption for certain**
16 **physicians and physician assistants.** Any physician or
17 physician assistant licensed in this State who treats a
18 medicaid recipient patient suffering from the human
19 immunodeficiency virus, acquired immune deficiency
20 syndrome, or hepatitis C, or who is a patient in need of
21 transplant immunosuppressives, may prescribe any
22 medications approved by the United States Food and Drug
23 Administration and that are eligible for Omnibus Budget

1 Reconciliation Rebates Act (OBRA), that are necessary to
2 treat the condition, without having to comply with the
3 requirements of any preauthorization procedure established
4 by any other provision of this chapter. This section shall
5 not apply to [~~QUEST~~] medicaid managed care medical plans."

6 SECTION 8. Section 461-10.5, Hawaii Revised Statutes,
7 is amended by amending subsection (d) to read as follows:

8 "(d) Remote dispensing pharmacies shall not provide
9 medications to patients with health insurance coverage,
10 except for:

11 (1) Patients covered by [~~QUEST,~~] medicaid managed
12 care programs;

13 (2) Patients served at a facility operated by a
14 health maintenance organization regulated
15 pursuant to chapter 432D; or

16 (3) Patients residing on an island without a pharmacy
17 or in remote areas without an existing pharmacy
18 within a five mile radius. A remote dispensing
19 pharmacy established pursuant to this subsection
20 may continue to operate in the same location if a
21 pharmacy is subsequently established on the same
22 island as the remote dispensing pharmacy or in
23 the remote area without an existing pharmacy

Report Title:

Medicaid Managed Care Program

Description:

Amends the QUEST and QUEST Expanded Access references in the Hawaii Revised Statutes to remove language that refers to specific programs and replace it with "medicaid managed care". The name change also authorizes all Medicaid managed care health plans to subject prescription drugs for conditions covered in section 346-352, Hawaii Revised Statutes, to prior authorization procedures.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

JUSTIFICATION SHEET

DEPARTMENT: Human Services

TITLE: A BILL FOR AN ACT RELATING TO THE MEDICAID
MANAGED CARE PROGRAM.

PURPOSE: The purpose of this bill is to replace
references to the terms QUEST and QExA in
the Hawaii Revised Statutes (HRS) with the
phrase "medicaid managed care". In the case
of section 346-352, HRS, this change also
authorizes all medicaid managed care health
plans to subject prescription drugs
prescribed for patients with human
immunodeficiency virus, acquired immune
deficiency syndrome, hepatitis C, or for
patients in need of transplant
immunosuppressives, to prior authorization
procedures.

MEANS: Amend sections 346-41.5, 346-53.64(a), 346-
59.4, 346-59.9(a), 346-59.9(g), 346-352 and
461-10.5(d), Hawaii Revised Statutes.

JUSTIFICATION: In 1994, the Hawaii Medicaid program began
providing medical services under a managed
care delivery system under the program name
QUEST. In 2009, a second managed care
program for the Aged, Blind and Disabled
population, called QUEST Expanded Access
(QExA), was implemented. On January 1, 2015,
the two programs will be combined and
replaced by the program named QUEST
Integration. QUEST Integration will cover
essentially all Medicaid recipients in the
State under managed care.

This bill proposes to amend statutory
references to QUEST and QExA and replace
them with "medicaid managed care" or
"medicaid managed care program". The QUEST
and QExA programs will be combined into one
medicaid managed care program called QUEST
Integration on January 1, 2015. Changing
the references to "medicaid managed care" or

"medicaid managed care program" will ensure that the statutes refer to the correct Medicaid program and will ensure that any future changes to the program name will not require a change to statutes, provided Medicaid services continue to be provided in a managed care delivery system.

The amendment to section 346-41.5 replaces the term "QUEST" with "medicaid managed care" and ensures that DHS can continue to include enabling services into the supplemental capitation payments made to medicaid managed care health plans.

The amendment to section 346-53.64(a) replaces the term "health QUEST" with "medicaid managed care". This is a nonsubstantive change that ensures that services eligible for prospective payment reimbursement to federal qualified health centers include services provided through any medicaid managed care program.

The amendment to section 346-59.4 deletes the phrase "programs, including QUEST" and replaces it with "program" in order to define the full scope of federal medical assistance programs that an individual must be ineligible for in order to qualify for state-funded medical assistance under this section. This amendment has no immediate impact since noncitizen children who would be eligible for state-funded medical assistance under this section are currently eligible for federal medical assistance through the State's Children's Health Insurance Program.

The amendment to section 346-59.9 replaces the terms "QUEST" and "QUEST Expanded Access" with the phrase "medicaid managed care" to ensure that all medicaid managed care health plans shall not restrict or limit access to psychotropic medication, and also clarifies that all medicaid managed

care health plans are authorized to investigate fraud, abuse or misconduct.

The amendment to section 346-352 replaces "QUEST" with "medicaid managed care." The current statute prohibits imposition of prior authorization requirements on prescription drugs prescribed for Medicaid patients with human immunodeficiency virus, acquired immune deficiency syndrome, hepatitis C, or patients in need of transplant immunosuppressives, and exempts only QUEST health plans from the prohibition. This amendment extends the exemption to all medicaid managed care health plans, which allows the health plans to impose prior authorization requirements on those conditions requiring prescription drugs identified in section 346-352, HRS. Due to the introduction of new drugs that, while effective, are quite costly, the ability for the department to better control the escalation of costs is necessary through better utilization review. As an example, the recent introduction of Sovaldi, for the treatment of Hepatitis C, may cost \$100,000 for one course of treatment. The department has submitted a request for a total of \$28 million in each year of the biennium budget to fund the cost for just this one new drug, and anticipates new drugs coming on the market that will be equally or more expensive. Without this amendment to section 346-352, the department will not be able to effectively control drug costs, which will continue to increase.

The amendment to section 461-10.5 replaces the term "QUEST" with the phrase "medicaid managed care programs" to allow remote dispensing pharmacies to provide medications to medicaid managed care recipients.

Impact on the public: This measure will ensure that medicaid managed care program services and statutory requirements will be

correctly referenced in statutes and applied to the QUEST Integration program, and will enable medicaid managed care health plans to oversee patients' access to prescriptions and treatments that are continuously evolving, and also to utilize preauthorization procedures for all Medicaid managed care recipients without exceptions when physicians or physician assistants prescribe medications for patients with human immunodeficiency virus, acquired immune deficiency syndrome, or hepatitis C, or for patients in need of transplant immunosuppressives.

Impact on the department and other agencies:
The department will benefit by not having to make future statutory changes due to a program name change, and by improving its ability to control Medicaid program prescription drug costs.

GENERAL FUND:	None.
OTHER FUNDS:	None.
PPBS PROGRAM DESIGNATION:	HMS 902.
OTHER AFFECTED AGENCIES:	None.
EFFECTIVE DATE:	Upon approval.